

Comments on MOU from SAIL

(10000/1877/5997335v19)

1. Regarding “Exclusivity”

1.1 SAIL would like to have the guarantee from EBG of SAIL being EBG’s exclusive representative in China in the related sectors *(including the healthcare, life science, medical device and pharmaceuticals sectors)* during the Term.

1.2 *Quoted from MOU: The Founders (or EBG) shall be SAIL Group’s exclusive representative in Israel in the healthcare, life science, medical device and pharmaceuticals sectors during the Term.*

Comments are listed as bellows:

a. Considering the fact that SAIL has already been in touch with some Israeli companies in the related sectors, SAIL would like to list these companies as the Exhibit to the MOU or the Agreement as the exceptions of the Exclusivity.

b. During the Term of collaboration with EBG or the Founders, according to the Exclusivity, SAIL will not take the initiative of looking for other Israeli companies in the related fields. If some Israeli companies in the related sectors actively come to SAIL for the

potential co-operation, SAIL will introduce EBG to these companies. EBG will then make the recommendation of the above companies based on the evaluation.

If the above companies are unwilling to come into China through EBG's recommendation, these companies will not be regarded according to the term of "**6. Exclusivity**".

c. In the scope of the projects recommended by EBG, SAIL will regard EBG as the exclusive contact, and will not reach those projects through other channels.

2. Key Person; Time and Attention;

2.1 It is suggested to name Mr. Ehud Barak and Prof. Benad Goldwasser as the Key Person of the project.

2.2 Key Person will devote substantially their business time and attention to the activity of EBG.

2.3 During the Term, if any one key person ceases to devote the time and attention to the business of EBG (a "**Key Person Event**"), the collaboration between the parties shall end.

3. Introduction of projects from EBG

For the Model of projects introduction, the comments are

listed as

below:

3.1 Number of Projects Recommended by EBG:

It is suggested to list the annually minimal number of projects recommended by EBG in the MOU. According to SAIL's point of view, EBG will introduce at least 100 projects to SAIL per year.

3.2 Formats and Contents of Projects' Materials

SAIL would like to ask EBG to provide certain documents & materials of the recommended projects, e.g., the analysis of technology/products, the financial statements, the summary of market, etc.. The list of the documents & materials is to be listed as the Exhibit of MOU or Agreement.

3.3 Timing of Recommendation

SAIL suggests that EBG will introduce certain number of the projects per quarter. Besides the certain number, SAIL would like to receive the recommendation at any time.

(We would like to have such arrangement, for trying to keeping receiving the recommendations of projects evenly during the whole year. If so, it will certainly be beneficial for the Chinese partner, including SAIL, to promote the landing of the projects

in China.)

3.4 Stage of the Projects Recommended

It is suggested to include the stage of the recommended project in the MOU. We suggest that EBG will recommend the projects with the primary formed products in the late development stage, except when Chinese partners ask for the certain technology or project in early stage.

3.5 Consideration of EBG

According to Sections 3.3 to 3.5, if SAIL invests in companies/enters into any agreements/acquires a company or its technology introduced by EBG, EBG will be entitled to X% of the future profit from each such investment/purchase price/payments.

a. We suggest that, the proportion (X%) of the investment/purchase price/payments granted to EBG as the Consideration is to be determined with the reference of the regular practice in the field.

b. SAIL would like to list in the MOU the maximum proportion of the future profit to be entitled to EBG (i.e., up to X% of the future profit).

4. “Copy Paste” Model

4.1 the Structure of the Copy Paste Model

*Quoted from MOU: WHEREAS, SAIL shall establish new portfolio companies together with the Founders (each, a “**Portfolio JV**”) which shall acquire each of the Technology Rights;*

Comments: SAIL would like to suggest the second structure in this Copy-Paste Model, that is, the Israeli hi-tech companies will contribute their IP/knowhow to form the portfolio JV with the Chinese partner in China. EBG will still have the certain option in the JV, just the same as suggested in the MOU. We believe in this structure, the JV will have the closer co-operation with the Israeli hi-tech companies, which will be beneficial for the development of portfolio JV.

4.2 Investment Rights of Chinese Partners in Israeli Hi-tech Companies

Quoted from MOU: 1. Business Model In this model, the amounts invested by SAIL shall be used to acquire Technology Rights it being clarified that SAIL and/or Portfolio JV shall not acquire an ownership stake in Target Companies and Target Companies and their shareholders shall not acquire an ownership stake in Portfolio JVs.

Comments: SAIL or the related Chinese companies would like to reserve the right of acquiring certain ownership stake in the Israeli hi-tech target companies.

4.3 Consideration of EBG in “Copy Paste” Model

Quoted from MOU: 3.2 The founders and/or an entity controlled by them shall receive equity interests, or an option to acquire equity interests, equal to [X%] of the ownership interests in each Portfolio JV (in case of an option, the exercise price shall be zero). The founders and/or an entity controlled by them shall receive minority protection rights and protection from dilution as shall be determined in the Definitive Agreements.

Comments: SAIL would like to list the maximum proportion of EBG’s equity interest in the portfolio JV, i.e., up to X%.

5. Related Information

5.1 Materials of the Projects

SAIL would like to have the materials of the recommended projects in both Copy-paste and Introduction Models, including the analysis of the technology/products of the companies, the summary of markets, the financial statements, etc..

5.2 Related Interests

SAIL would like to know about the related interests of EBG’s members in the recommended projects (i.e., as the shareholder,

founder, etc.). It is suggested to consider about the related withdrawal/avoidance system if necessary.

6 . Party of the MOU

In the MOU, the Israeli counterpart is stated as “*the Founders and/or an entity controlled by them*”, “*the Founders and/or EBG*”, “*the Founders (or EBG)*” etc..

6.1 It is suggested to confirm the counterpart as EBG.

6.2 Considering EBG is not formed at the moment, the subjects of signing the MOU will be the Founders (Mr. Barak and Prof. Goldwasser). Regarding the term of “**7.6. Assignment**”, it is suggested to include that “the founders shall assign all of their rights and obligations hereunder to EBG after EBG is established”.

7. Follow-on Activity (Schedule of the Agreements)

According to “**5 Non-Binding MOU**”, “*the parties agree to..... exercise their best efforts to enter into the Definitive Agreements within sixty (60) of the date hereof*”.

We suppose that “within sixty of the date hereof” is a tight schedule, for there may be a few details for further discussion. In order to have a better preparation for the future collaboration, we suggest that, in “**5 Non-Binding MOU**”, the parties will “*exercise their best efforts to enter into the Definitive Agreement within sixty of the date hereof, or as soon thereafter as is practicable.*”